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STATE OF CALIFORNIA — NATURAL RESOURCES AGENCY

EDMUND G. BROWN, JR., Governor

CALIFORNIA ENERGY COMMISSION

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STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket 11-IEP-1
)	
Preparation of the)	Draft Committee Revised Scoping
<u>2011 Integrated Energy Policy Report</u>)	Order

DRAFT COMMITTEE REVISED SCOPING ORDER

In this order, the California Energy Commission's Integrated Energy Policy Report Committee (Committee) revises the scope of the *2011 Integrated Energy Policy Report* (2011 IEPR). The initial Scoping Order was issued August 31, 2010. Chair Robert B. Weisenmiller is the Presiding Member and Commissioner Karen Douglas is the Associate Member of the Committee.

Revisions to the 2011 IEPR scope include:

- Addressing the energy policy priorities for energy efficiency, renewable resources (distributed and utility scale), energy storage, and combined heat and power facilities that are articulated in Governor Brown's Clean Energy Jobs Plan, along with specific approaches from the California Clean Energy Future roadmap and implementation plan.¹
- Consideration of public safety and energy reliability implications emerging from investigations related to the natural gas explosion in one of the pipelines in Pacific Gas and Electric Company's natural gas transmission system in San Bruno, San Mateo County, on September 9, 2010.
- Review and evaluation of the Public Goods Charge and related program funding, particularly for renewable technologies and public interest research, which were established by Assembly Bill 1890 (Brulte, Chapter 854, Statutes of 1996) and extended by Assembly Bill 995 (Wright, Chapter 1051, Statutes of 2000) and Senate Bill 1194 (Sher, Chapter 1050, Statutes of 2000) through January 1, 2012.

¹ The Governor's Clean Energy Jobs Plan is available at: http://www.jerrybrown.org/sites/default/files/6-15%20Clean_Energy%20Plan.pdf. The California Clean Energy Future roadmap and implementation plan, which were prepared under a partnership between the California Energy Commission, the California Air Resources Board, the California Public Utilities Commission, the California Environmental Protection Agency, and the California Independent System Operator, are available at <http://www.cacleanenergyfuture.org/>.

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Background

The Public Resources Code requires the Energy Commission to prepare and adopt an Integrated Energy Policy Report (IEPR) every two years beginning in 2003, with an update in the intervening years. The IEPR presents an assessment of all aspects of energy supply, demand, production, transportation, delivery, distribution, and price. The objective of the IEPR is to evaluate market trends and develop energy policies that will “conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety.” (Public Resources Code § 25301[a])

On March 24, 2010, the Energy Commission adopted an Order Instituting Informational Proceeding to gather and assess information from market participants to be used in developing the *2011 IEPR* and to delegate authority to develop the *2011 IEPR* to the Committee. The information and data collected during the current proceeding will provide the robust and complete record needed for the Committee to make its energy policy recommendations to the full Energy Commission.

The Public Resources Code also directs state government entities to carry out their energy-related duties and responsibilities using the information and analyses contained in the IEPR. Therefore, the Committee will coordinate closely with other agencies during this proceeding to ensure consistency in the underlying information that is used to develop policy recommendations in this report that may affect those agencies.

Scope of the *2011 Integrated Energy Policy Report*

The *2009 IEPR*, adopted in December 2009, identified many challenges associated with implementing California's energy policy goals. The report recommended policies and actions in each of California's energy sectors — electricity, natural gas, and transportation — to reduce energy demand and greenhouse gases, develop a broader range of alternative energy resources, improve energy infrastructure, and continue to develop and adopt the “clean energy” technologies that are critical for long-term reliability and economic growth.

In the *2011 IEPR*, the Committee intends to focus on the most effective approaches for implementing Governor Brown's Clean Energy Jobs Plan, building off the California Clean Energy Future vision. The Clean Energy Jobs Plan highlights energy efficiency goals like reducing peak energy demand, making new homes and commercial buildings in California “zero net energy,” adopting stronger appliance efficiency standards, and using more efficient technologies such as combined heat and power projects to generate electricity. It also includes the Governor's goals to increase renewable electricity in California by adding 12,000 megawatts of localized electricity generation, 8,000 megawatts of large-scale renewables, and the energy storage capacity to help integrate these renewable resources into the electricity delivery system. The *2011 IEPR* will explore the challenges to meeting these goals and propose programs and policies to address those challenges.

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In addition to evaluating the best approaches to implement Governor Brown's Clean Energy Jobs Plan, the *2011 IEPR* – consistent with its mandate to assess energy issues affecting public health and safety – will consider new information from investigations related to the 2010 natural gas pipeline explosion in San Bruno. The IEPR proceeding will address how the San Bruno event and any regulatory changes resulting from the subsequent investigations may affect the state's goal of maintaining a safe, reliable, efficient, and affordable energy system. The areas of power plant siting and analyses of the ability of California's integrated electricity and natural gas systems to serve all demand will receive particular focus. The Energy Commission will work with the state's energy agencies to support planning and siting efforts needed to assure that the state's energy delivery systems do not allow such tragedies to occur again.

The *2011 IEPR* will consist of a set of subsidiary documents that are anticipated to be published from July through September 2011, followed by a summary document outlining the major findings and policy recommendations in those volumes that will then be proposed for adoption by the Energy Commission in December 2011. The subsidiary documents will cover the following general topic areas:²

- **Energy Efficiency**

- Status of the Assembly Bill 758 (Skinner, Chapter 470, Statutes of 2009) program to increase energy efficiency savings in existing homes and other buildings, including those that are publicly owned.
- Consumer information programs regarding energy use in individual homes, cost-benefits of retrofit choices, and incentives and financing options.
- Status of California's efforts to make new homes and commercial buildings zero net energy consumers by 2030.
- Consideration of stronger appliance standards for lighting, consumer electronics, and other products.
- Development of new combined heat and power projects using excess heat or electricity produced by industrial facilities
- Study of statewide energy efficiency potential and establishment of new 10-year goals for publicly owned utilities, and progress of the state's investor- and publicly owned utilities toward achieving previous goals, as required by Assembly Bill 2021 (Levine, Chapter 734, Statutes of 2006).

- **Renewable Generation Infrastructure in California**

- Development of a strategic plan for renewable energy development in California, including:
 - Evaluation of statewide renewable energy potential for both utility scale and distributed generation, including consideration of potential issues with biological resources, cultural resources, military land uses, or other concerns.

² Attachment A provides a list of subsidiary documents and describes specific topics to be covered in each document.

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- Identification of ways to assist local governments to achieve high levels of renewable development in their jurisdictions.
- Analysis of the role of energy storage, demand response, load management, and the smart grid in helping California meet its renewable energy goals, and the potential for Public Goods Charge funding and the Renewable Resources Trust Fund to facilitate strategic planning, development, and deployment of all of these strategies.
- Strategies for developing 12,000 megawatts of localized energy on warehouses and other commercial building roofs, parking lots, and schools by 2020, including:
 - Identification of obstacles and opportunities to increase distributed generation while protecting ratepayers, including the optimal placement of distributed generation within utility transmission systems at the community level.
 - Implementation of a system of renewable power payments (commonly called feed-in tariffs).
 - Following through on opportunities to increase the installation of distributed generation projects on state property.
- Strategies for developing 8,000 megawatts of utility-scale renewable generation and the priority transmission infrastructure needed for renewable energy development by 2020, including:
 - Evaluation of how to improve the renewable project review and decision processes through a review of lessons learned from power plant siting processes in 2010,³ continued close coordination between public agencies at the state and federal level to facilitate joint project review, and development of the Desert Renewable Energy Conservation Plan to achieve long-term development and conservation goals in the California desert.
 - Focusing the Strategic Transmission Investment Plan on identifying priority renewable and reliability projects, including investment priorities and strategies for the transmission infrastructure required to interconnect the 8,000 megawatts of large-scale renewable capacity noted above. Particular attention will be paid to projects funded through the American Recovery and Reinvestment Act that have permits to construct and that will be using transmission line upgrades, existing transmission corridors, and the development of new transmission corridors.
- Assessment of whether implementing the above programs for developing localized and large-scale renewable generation will enable California to derive

³ California Energy Commission, Examining Issues Related to Commission Processing of Applications for Thermal Power Plant Projects, Order Instituting Information Proceeding, Docket #10-SIT-OII-1, http://www.energy.ca.gov/siting_lessons/.

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33 percent of its energy from renewable sources by 2020, and examination of the legislative and overall policy options for reaching higher levels during the next twenty to thirty years.

- **Review of Public Goods Charge and Energy Research, Development, and Demonstration Programs**
 - Strategic planning for energy research in California under the Public Interest Energy Research Program.
 - Gas pipeline evaluation and monitoring methods to enhance public safety and system reliability.
- **Bioenergy Development in California**
 - Progress and actions needed to achieve sustainable biomass development in California in the electricity and transportation sectors, as required by Governor Schwarzenegger's Executive Order S-06-06.
- **Transportation Fuel Supply, Demand, and Infrastructure**
 - Effects of economic growth trends on transportation fuel demand and supply.
 - Analysis of petroleum, alternative, and crude oil demand and supply trends.
 - Barriers to and progress toward meeting California's transportation energy goals, including the Low Carbon Fuel Standard, achieving 26 percent alternative fuel use by 2022, and producing a minimum of 40 percent of the state's biofuels within California by 2020.
 - Evaluation of research, development, demonstration, and deployment activities funded under the Alternative and Renewable Fuel and Vehicle Technology Program, as required by Assembly Bill 109 (Núñez, Chapter 313, Statutes of 2008).
- **Electricity and Natural Gas Supply, Demand, and Infrastructure**
 - Assessment of issues affecting future California electricity and natural gas demand, cost, energy storage, and infrastructure additions, consistent with the goals in the Governor's Clean Energy Jobs Plan.
 - Assuring resource adequacy, reliability, and deliverability.
 - Examination of the need for new electricity infrastructure on a regional basis, beginning with a two-year process analyzing system reliability in the South Coast Air Basin as required by Assembly Bill 1318 (V. Manuel Perez, Chapter 285, Statutes of 2009) that considers the reliability impacts of the State Water Resources Control Board's policy on phasing out once-through cooling at coastal power plants, the availability and cost of emission reduction credits in the South Coast Air Quality Management District, and the retirement of aging gas-fired units.
 - Implications of the September 2010 natural gas transmission pipeline explosion in San Bruno on energy planning and new infrastructure siting, with a priority on ensuring public safety.

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- Assessment of availability, reliability, and efficiency of the western regional and California electricity transmission system capacity and use.
- Recommended actions for implementing transmission investments that ensure reliability, relieve transmission congestion, and meet future growth in load and generation, including generation from renewable resources.
- Status report on recommended actions related to nuclear power plants that were made in the *2008 IEPR Update*.

2011 Integrated Energy Policy Report Schedule

The *2011 IEPR* proceeding will use the following general schedule. When workshop and hearing topics and dates are finalized, notices and supporting material will be posted on the Energy Commission's website and stakeholders will be notified at least 10 days in advance of the workshop or hearing date. The current schedule is posted at http://www.energy.ca.gov/2011_energy policy/Workshop_Schedule.pdf and is updated regularly.

2011 IEPR Task	Date
Order Instituting Informational Proceeding for <i>2010 IEPR Update</i> and <i>2011 IEPR</i> Released	March 24, 2010
Revised Scoping Order for <i>2011 IEPR</i> Released	February 23, 2011
Staff and Committee Workshops and Hearings on Specific Topics	October 2010–September 2011
Release/approval of subsidiary volumes	July 2011–September 2011
Issue <i>Committee Draft 2011 IEPR</i>	September 2011
Committee Hearing on <i>Draft 2011 IEPR</i>	October 2011
Issue <i>Committee Final 2011 IEPR</i>	November 2011
Business Meeting Adoption	December 2011

Participation in the Integrated Energy Policy Report Proceeding

The *2011 IEPR* policy recommendations will be based on the record developed during the proceeding, including data and technical analyses by the staff and by other participants. In addition, analysis and information developed as part of other proceedings at the Energy Commission and by other agencies will be incorporated as appropriate. Docket 11-IEP-1 will be used for the *2011 IEPR* proceeding. Parties will be directed to use this docket and related subdockets listed below when submitting information for the Energy Commission's consideration. Note that as the IEPR process evolves over the course of 2011, some of these subdockets may be continued into the *2012 IEPR Update* proceeding.

- | | |
|-----------|-------------------------------|
| 11-IEP-1A | – General/Scope |
| 11-IEP-1B | – Electricity Resource Plans |
| 11-IEP-1C | – Electricity Demand Forecast |
| 11-IEP-1D | – Electric Reliability |

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11-IEP-1E	– Strategic Transmission Investment Planning
11-IEP-1F	– Energy Efficiency/Demand Response
11-IEP-1G	– Renewables
11-IEP-1H	– Distributed Generation
11-IEP-1J	– Nuclear Issues
11-IEP-1K	– Natural Gas System Safety, Supply, Demand, Price
11-IEP-1L	– Transportation Fuels and Infrastructure
11-IEP-1M	– Research and Development
11-IEP-1N	– Climate Change/GHG Emission Reduction
11-IEP-1O	– Bioenergy Development
10-SIT-OII-1	– Power Plant Siting Lessons Learned

The Committee encourages the active participation of all interested and affected stakeholders to ensure a complete and thorough record. As in previous proceedings, the Committee recognizes that close coordination with federal, state, local, tribal, and other agencies is critical to identifying and addressing energy infrastructure and related environmental challenges. The Committee directs staff to continue working with these agencies to ensure their participation in this proceeding.

The Energy Commission's Public Adviser provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this proceeding, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [PublicAdviser@energy.state.ca.us].

News media inquiries should be directed to the Media and Public Communications Office at (916) 654-4989 or by e-mail at [mediaoffice@energy.state.ca.us]. Technical questions should be directed to Suzanne Korosec, Assistant Director of Policy Development, at (916) 654-4516 or by e-mail at [skorosec@energy.state.ca.us].

Date: February 23, 2011

ROBERT B. WEISENMILLER, Ph.D
Chair and Presiding Member
Integrated Energy Policy Report Committee

KAREN DOUGLAS
Commissioner and Associate Member
Integrated Energy Policy Report Committee

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ATTACHMENT A 2011 INTEGRATED ENERGY POLICY REPORT PROPOSED SUBSIDIARY VOLUMES⁴

- **Electricity Infrastructure Report**

- Assessment of electricity infrastructure needs in California, beginning with a two-year analysis of system reliability in the South Coast Air Basin as required by Assembly Bill 1318 (V. Manuel Perez, Chapter 285, Statutes of 2009). This analysis will consider the reliability impacts of the State Water Resources Control Board's policy phasing out once-through cooling at coastal power plants, the availability and cost of emission reduction credits in the South Coast Air Quality Management District, and the retirement of aging gas-fired units.

- **Natural Gas Assessment Report**

- Assessment of issues affecting future California natural gas demand, cost, and infrastructure additions.
- Implications of new information resulting from the investigation of the September 2010 natural gas transmission pipeline explosion in San Bruno on maintaining a reliable, efficient, and affordable energy system.

- **Electricity and Natural Gas Demand Forecast**

- Forecasts of electricity, peak demand, and natural gas demand for each utility planning area in California and for the state as a whole.

- **Transportation Report**

- Assessments and forecasts of transportation fuel supply, demand, production, delivery, distribution, and prices.
- Assessments of achieving alternative fuels policy goals and evaluation of progress to implement research, development and demonstration programs as required by Assembly Bill 109 (Nuñez, Chapter 313, Statutes of 2008).

- **Strategic Plan for Increasing Renewable Generation and Transmission Infrastructure in California**

- As outlined by Governor Brown's Clean Energy Jobs Plan, the Energy Commission will prepare a renewable energy plan intended to expedite permitting of the highest priority renewable generation and transmission projects with the goal of developing 12,000 megawatts of distributed generation and 8,000 megawatts of utility-scale renewables by 2020.
- Strategic Transmission Investment Plan Emphasizing Renewables and Priority Reliability Projects. As required by Senate Bill 1565 (Bowen, Chapter 692,

⁴ Please note that as the IEPR evolves over the course of 2011, some of these subsidiary volumes may be continued into the 2012 IEPR Update proceeding.

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Statutes of 2004), the strategic plan will identify and recommend actions required to implement transmission system investments needed to ensure renewables interconnection, reliability, relieve congestion, and meet future load growth in load and generation, including, but not limited to, energy efficiency, and other demand reduction measures.

- **Achieving Energy Savings in California Buildings**
 - Progress of implementation of a comprehensive program to achieve energy efficiency savings in existing buildings as required by Assembly Bill 758 (Skinner, Chapter 470, Statutes of 2009).
 - Progress toward making new homes and commercial buildings in California “zero net energy” consumers.
- **Assessment of Resource Adequacy and Resource Plans of Publicly Owned Utilities in California**
 - Progress of publicly owned utilities toward meeting resource adequacy requirements set by the Public Utilities Commission, as required by Assembly Bill 380 (Núñez, Chapter 367, Statutes of 2005).
- **Achieving Cost-Effective Energy Efficiency for California**
 - Analysis of statewide energy efficiency potential for publicly owned utilities and establishment of 10-year energy efficiency goals, as required by Assembly Bill 2021 (Levine, Chapter 734, Statutes of 2006).
 - Development of new combined heat and power applications at industrial facilities.
- **Status of Bioenergy Development in California**
 - Progress and actions toward achieving sustainable biomass development in California, as required by Governor Schwarzenegger’s Executive Order S-06-06.
- **Strategic Planning For Energy Research in California: Public Interest Energy Research Program**
 - Evaluation of energy research efforts by the Public Interest Energy Research Program and their contribution to California’s energy policy goals.
- **Lessons Learned from 2010 Energy Commission Power Plant Siting**
 - Results of Order Instituting Investigation #10-SIT-OII-1, *Examining Issues Related to Commission Processing of Applications for Thermal Power Plant Projects*, and identification of ways to expeditiously transition to an electronic document filing system.
- **Status Report on Recommendations for California’s Nuclear Power Plants**
 - Report on utility progress on recommendations relating to nuclear power plants that were provided in the *2008 Integrated Energy Policy Report Update* as directed by Assembly Bill 1632 (Blakeslee, Statutes of 2006, Chapter 722).